

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2016/2017

BIB 3114 – ISLAMIC BANKING

(All sections / Groups)

25 FEBRUARY 2017

9.00 a.m. - 11.00 a.m.

(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 2 pages with 4 Questions only.
2. Answer all questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please print all your answers in the Answer Booklet provided.

Question 1 (25 Marks)

- a) (i) Explain the two types of savings account for an Islamic bank. (10 marks)
- (ii) Differentiate each type of savings account based on its return and risk characteristics. (5 marks)
- b) Murabahah is a type of cost-plus financing. Show the illustration of *Murabahah* transaction for a game shop owner who wants to purchase 100 video game for his customer at RM1,000 each and the bank's profit margin is RM5,000. However, the shop owner does not have sufficient video game, so he purchases them from another wholesaler that does. (10 marks)

Question 2 (25 Marks)

- a) (i) Islamic lease or *Ijarah* means to obtain good or service on rent. Explain two types of lease normally being offered by an Islamic bank. (4 marks)
- (ii) Explain and illustrate with a diagram the process of *Ijarah* operating lease with three parties, whom are the lessor, vendor and lessee. Assuming the bank's customer intend to lease a car for five years. (12 marks)
- b) Why would an Islamic bank use an agent in a *Bai' Bithaman Ajil* transactions? (9 marks)

Question 3 (25 Marks)

- (a) Customers of an Islamic bank may choose either *Diminishing Musyarakah* or *Bai' Bithaman Ajil (BBA)* to buy a house. Explain the differences between *Diminishing Musyarakah* and *Bai' Bitahaman Ajil*, so that customers able to make better financing decision in terms of the following:
- (i) Value of assets (4 marks)
 - (ii) Returns (4 marks)
 - (iii) Penalties for defaults (4 marks)
 - (iv) Where it is being used (4 marks)
 - (v) Transfer of ownership (4 marks)

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- (b) Islamic banks invest in Islamic Debt funds to avoid total dependent on loan income and to increase returns on investment. Explain three characteristics of Islamic debt funds that can be utilized for investments by an Islamic bank.

(5 marks)

Question 4 (25 Marks)

- a) In a situation where a customer of a bank has won a contract for the supply of certain merchandise to a particular organization, he may propose for a joint venture scheme whereby the bank grants him a credit facility in order for him to import and supply the merchandise. This joint venture proposal is known as Letter of Credit under the concept of *Musyarakah*. Explain the process for the bank's customer to use this credit facility.

(12 marks)

- (b) The monthly average daily balance and weighted proportion of profit for savings account for Hijrah Islamic Bank is RM311,514,126.62. Its total weighted proportion for all savings and investment accounts is reported to be RM880,145,332.85. Calculate the return per annum for this bank if the CD pool of profit is RM8,019,349.62 and the profit is shared equally among the bank and their customers. Please show your workings step and the relevant table.

(13 marks)

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